

Suppose that instead of purchasing this car from a dealer, Don bought it for \$5,000 from a wrecking yard and fixed it up himself. The additional parts cost another \$5,000, so his adjusted basis was \$10,000.

Assuming the FMV before and after the casualty was still \$11,000, then Don's loss is the *smaller* of the car's:

- Decrease in FMV (\$11,000), or
- Adjusted basis (\$10,000)

So in this case, Don's casualty loss is **\$10,000**.

Form

**4684**Department of the Treasury  
Internal Revenue Service**Casualties and Thefts**

▶ See separate instructions.

▶ Attach to your tax return.

▶ Use a separate Form 4684 for each casualty or theft.

OMB No. 1545-0177

**2005**Attachment  
Sequence No. **26**

Name(s) shown on tax return

Identifying number

**SECTION A—Personal Use Property** (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes.)

- 1** Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft.

Property **A** \_\_\_\_\_

Property **B** \_\_\_\_\_

Property **C** \_\_\_\_\_

Property **D** \_\_\_\_\_

- 2** Cost or other basis of each property. . . . .
- 3** Insurance or other reimbursement (whether or not you filed a claim) (see instructions) . . . . .

**Note:** If line 2 is **more** than line 3, skip line 4.

- 4** Gain from casualty or theft. If line 3 is **more** than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year.

- 5** Fair market value **before** casualty or theft . . . . .

- 6** Fair market value **after** casualty or theft. . . . .

- 7** Subtract line 6 from line 5 . . . . .

- 8** Enter the **smaller** of line 2 or line 7 . . . . .

	Properties							
	A		B		C		D	
<b>2</b>								
<b>3</b>								
<b>4</b>								
<b>5</b>								
<b>6</b>								
<b>7</b>								
<b>8</b>								